

HEALTH STRATEGY REVIEW AND RENEWED FOCUS

Discussion Draft, 2018 Oregon Leadership Summit

SUMMARY RECOMMENDATIONS

Continue to work collaboratively on the three “pillars” of the Oregon Business Plan health strategies with renewed focus within and across the pillars including:

Insurance Coverage

- Recognizing health insurance as a key support in upward mobility for Oregonians, support new ideas to improve the stability of and transition between coverage options in the health insurance continuum.

Cost & Quality

- Establish an oversight body through which we can collaboratively examine the drivers of health care costs and set overall cost growth targets for the state’s health care system.
- Establish systemwide goals for aligned implementation of value-based care and alternative payment approaches to improve health outcomes and reduce costs.

Upstream/Social Determinants of Health

- Capitalize on our high rate of insurance coverage and the associated resources to identify a few priority upstream health improvements and align public and private resources around those priorities.
- Continue to leverage local and regional Community Health Improvement Plans for community transformation efforts in Blue Zones Communities and other communities across the state.

BUSINESS PLAN WORK ON HEALTH CARE REFORM GOES BACK MORE THAN A DECADE

Health care reform was first introduced as an Oregon Business Plan initiative at the 2004 Oregon Leadership Summit. Business leaders recognized that our health care system was not delivering sufficient value. The U.S. and Oregon were spending a disproportionate share of GDP on health care, health insurance premiums were growing at an unsustainable rate, quality of care was inconsistent, and too many Oregonians lacked coverage. Seventeen percent of Oregonians were uninsured at the time.

The original health strategies in the Oregon Business Plan called for a range of reforms that would simultaneously address the high costs, insufficient insurance coverage, and inefficiencies in the health care system. Over the years, the strategies were refined and adjusted. In 2015 business leaders added a new goal: improving the upstream and social determinants of health. They launched the Oregon Healthiest State Initiative to support local community efforts to align public and private resources to build a culture of health and well-being.

Most of the Oregon Business Plan health strategies have been implemented to some degree over the last decade. Under federal and state coverage reforms, almost 95 percent of Oregonians are insured today, an increase of 10 percent from just over a decade ago. Public/private collaborative efforts have increased the use of performance metrics, outcome-based payment models, and information technology to improve the delivery of health care and

to increase efficiencies. Under state and federal policy, non-profit hospitals have collaborated with community partners, including Oregon's Medicaid Coordinated Care Organizations (CCOs), to develop Community Health Improvement Plans that include strategies to address the upstream and social determinants of health. Many are aligning public and private investments to improve on community-identified health goals.

However, with our growing state fiscal crisis, continued health insurance cost pressures on employers and employees, and poor statewide health outcomes, it is time to press further on key strategies outlined in this plan. We invite the community to continue to work together to keep us moving forward on our shared vision for a healthy and productive Oregon. As Oregon's employers and their employees pay the bill for the cost of health care both directly and through their tax dollars, the business community is uniquely positioned to provide leadership and a strong point of accountability for health care reform.

OREGON BUSINESS PLAN HEALTH VISION

- The people of Oregon and our communities will be the healthiest in the nation because we view health and well-being as a core value, committing energy and investments to that end.
- We will have an efficient, competitive, and financially sustainable health care market that supports the health of all Oregonians and delivers high quality health care at an affordable price.
- The Oregon business climate is enhanced and more competitive because we are all healthier; employees are more productive; and the per capita cost of health care in the state is one of the lowest in the nation and financially sustainable over time.

GOALS TO ACHIEVE OUR VISION

1. Affordable insurance coverage options are available to all Oregonians through innovative market solutions that align incentives for improved cost control, high value care, and better health.
2. All Oregonians have access to appropriate, high quality, coordinated care that supports their physical health, as well as mental health and social well-being.
3. Consumers, employers, providers, and insurers have easy access to the right tools and information to make the best health, purchasing, clinical, and coverage decisions.
4. Employers and the health care industry work collaboratively with partners throughout the state to align key upstream investments to create healthy communities.

BUSINESS PLAN HEALTH STRATEGIES TO DATE

Both the cost and quality of health care are important for business and all Oregonians. Unchecked benefit cost growth can hurt Oregon's competitiveness in a global market, reduce funds for business investment, and dampen economic growth. Inadequate insurance coverage, medical debt, and low-quality health care can contribute to poor health and well-being among employees and their dependents, hurting productivity. In addition, the high cost of publicly-financed health care diverts public resources needed for other public investments, such as education and transportation.

Starting in 2004 and enhanced over the years, the Business Plan health agenda proposed a number of key strategies to address the simultaneous problems of health insurance coverage, rising costs, and lower than acceptable health outcomes. Alignment across stakeholders is key to success. Over the years, most of the Business Plan strategies have closely aligned with those supported by the Oregon Health Policy Board (OHPB) and other state policy bodies that preceded OHPB.

Business Plan strategies fall into three “pillars” of reform.

1. **Insurance coverage.** These strategies have included a spectrum of coordinated public and private approaches intended to create broad coverage with minimal cost shifting onto employer-sponsored insurance, including:
 - a. Expansion of Medicaid to the state’s lowest income residents
 - b. An insurance exchange where individuals and small business can go to purchase affordable coverage, as well as financial support for lower income workers to purchase exchange coverage
 - c. An individual mandate to be sure everyone has coverage in order to stabilize insurance markets.
2. **Quality Improvement and Cost Reduction.** At the 2004 Oregon Leadership Summit, employers identified the growing cost of health employee benefits as a significant cost concern, providing momentum to public-private collaborative reform work that would result over the last decade. The strategies embedded in the Oregon Business Plan over the years have supported:
 - a. Employers providing employees with defined contribution toward a choice of health benefit plans;
 - b. Employer and insurer value-based purchasing strategies, including appropriate consumer cost-sharing, increased coverage of preventive services, and aligning incentives promote the use of evidence-based, cost-effective services;
 - c. Investments in delivery system redesign and information infrastructure to have data available at the point of care and policy decision making; and,
 - d. Measuring and making transparent data on quality, prices, and health outcomes to support provider, patient, purchaser, and insurer decision-making.
3. **Focus on the Upstream and Social Determinants of Health.** In 2015, recognizing that 70 percent of a person’s health was determined by factors outside of the walls of the healthcare system, business leaders added a focus on the upstream and social determinants of health to the Oregon Business Plan strategies. The strategies are focused on “making the healthy choice the easy choice” by:
 - a. Statewide initiatives to address Oregon’s most pressing health issues, including using collective impact principles and deep collaboration, investment, and engagement from the public, private, and non-profit sectors;

- b. Community transformation to support communities for better health and well-being outcomes, through local cross sector partnerships, and community-led solutions; and,
- c. Removing barriers to government, business, and health care systems to make aligned investments in the social determinants of health.

OREGON'S PROGRESS AND FURTHER CHALLENGES

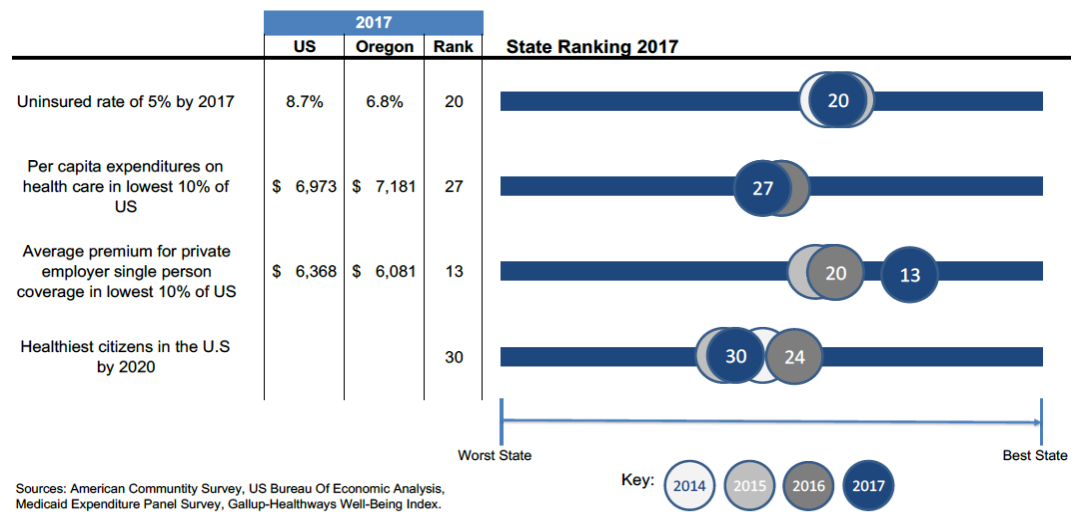
The initiatives spearheaded in the Oregon Business Plan have largely been implemented to some degree, but there is more work to do. Table 2 provides an overview of progress to date and where there is room for further engagement and investment.

1. **Insurance Coverage.** Between state and federal health reform, we have achieved some clear progress on our insurance goal, with Oregon's uninsured rate dropping to less than 6 percent from 17 percent just over a decade ago. The majority of this gain came from our expansion to lower income adults through the Oregon Health Plan, our state's Medicaid program, under the Affordable Care Act in 2014.

Funding Medicaid is a key part of Oregon's fiscal challenge. The state will be required to pick up a larger share of Medicaid costs in the upcoming biennium, creating an estimated budget deficit of \$830 million for the 2019-21 biennium. The Oregon Business Plan supports continued funding of Medicaid as a valuable support for low income Oregonians who need it. A sustainable Medicaid program can be achieved through holding down costs, improving health, and addressing the biennial revenue challenge in the larger state budget context.

Continual attention should also be given to how our current continuum of public and private coverage options support Oregonians' upward mobility and the ability to transition to private coverage, while maintaining Medicaid as a valuable safety net.

Table 1: Oregon Business Plan Health and Health Care Goals



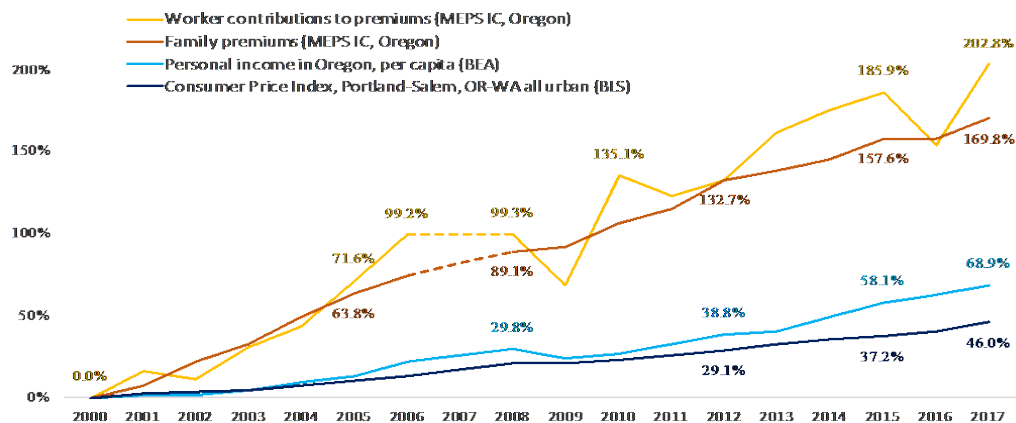
Sources: American Community Survey, US Bureau Of Economic Analysis, Medicaid Expenditure Panel Survey, Gallup-Healthways Well-Being Index. Updated 10/2018.

2. **Quality Improvement and Cost Reduction.** Extensive public and private efforts have focused on redesigning how care is delivered, payment incentives, and coverage and care decisions. Initiatives championed by the Oregon Health Leadership Council, insurance carriers, providers, and state agencies have tested new payment and care coordination models with promising quality and cost outcomes. Almost all of Oregon’s Medicaid enrollees are now receiving their health care through Coordinated Care Organizations (CCOs), where the funding for physical, behavioral mental, and dental health has been aligned to better coordinate care and focus on prevention, chronic illness management, and person-centered care. Additionally, over half of all Oregonians are having their care coordinated through patient-centered primary care homes, which perform highly on quality-of-care measures. Integral to the success of these models, there have been strides in health information technology, connecting patients’ health care data with their providers at the point of decision making, as well as reducing system inefficiencies by streamlining billing and other administrative components.

We need to push into a next stage of reform that more aggressively: 1) identifies and creates accountability for the drivers of health cost growth, and 2) aligns health care purchasing approaches to drive value for purchasers and consumers.

First, we need a better strategy to get our arms around the drivers of health care cost growth, to understand what available data is telling us and make strategic health care purchasing decisions to drive better quality and lower costs systemwide. The 3.4 percent cap on annual per capita cost growth in Medicaid CCOs has been extended to both PEBB and OEBB. Employers overall have been able to keep insurance growth to that level in some markets. However, we know that since 2000 employer-sponsored insurance premiums grew over twice as fast as personal income and the employee share of those premiums increased even faster. Pharmacy cost trends are a system-wide concern, eating a growing share of both publicly and privately-financing insurance premiums. These are just a few elements of health care cost growth in Oregon – we need to take our examination broader to the total cost of health care provided. We need an approach that provides the

Figure 1. Oregon's cumulative annual increases in premiums for family coverage compared to other indicators, since 2000



Note: Oregon Health Authority analysis of data from the Medicaid Expenditure Panel Survey, the US Bureau of Economic Analysis, and the US Bureau of Labor Statistics. Oregon-specific premium data does not exist for 2007 in the MEPS dataset.

full picture of where our health care dollars are going and trends overtime to identify effective levers to curb unnecessary cost growth.

Second, we need to have a renewed focus on aligning value-based purchasing methodologies across public and private payers. The Oregon Health Authority, who purchases insurance coverage for one in every three Oregonians, was created with the idea that smart purchasing policies could be aligned to drive quality and cost outcomes across Medicaid, PEBB, and OEBB. Private payers have engaged in numerous payment initiatives within their membership and in tandem with other payers. But more can be done. Emerging analyses are indicating that costs are being better controlled in areas where innovative purchasing and payment methodologies are being employed.¹

3. ***Upstream/Social Determinants of Health.*** Notable progress has been made to align resources and our collective efforts to support community-led initiatives targeted at the social determinants of health. Recent progress includes:
 - a. The expansion of the Blue Zones Project work in Klamath Falls to three more demonstration communities: The Dalles, Grants Pass, and Umpqua (Roseburg and the surrounding region).
 - b. Klamath Falls finished up Phase I of the Blue Zones Project and will continue the effort for three more years through aligned local investments. The community has seen significant health improvement progress since the start of the work in 2015 including a marked increase in community pride, a decrease in smoking rates, and increase in community members that report feeling safe and secure in their community.
 - c. The launch of CCO 2.0 which has a focus on the upstream and social determinants of health. The following priorities are aligned with the Oregon Business Plan health strategy:
 - i. Implementation of House Bill 4018 which requires CCOs to spend a portion of net income or reserves on social determinants of health;
 - ii. Better community health prioritization by encouraging regional Community Health Improvement Plans;
 - iii. Increasing Value-based payments for upstream and social determinants of health;
 - iv. Implementation of the kindergarten readiness measure as an opportunity to incent outcomes for social determinants of health; and,

¹ Data from Mercer's 2017 National Survey of Employer-Sponsored Health Plans indicates that employers who include more best practice purchasing strategies in their employee health plans are experiencing lower cost growth. Examples of best practices include collective purchasing of prescription drugs, wellness benefits, and incentives for employees to choose high value provider networks and services.

- v. A deeper focus on equity and inclusion through increased integration of Community Health Workers and strengthening Community Advisory Councils.
 - d. OBC convened an Early Learning Design Team to identify key investments to achieve child health & education outcomes.
2. However, significant health challenges remain in Oregon and we need a coordinated and aligned approach to address them. We need to capitalize on the reality that almost 95 percent of Oregonians have health insurance. Our public and private health insurance coverage should be supporting investments not only in efficient, and effective care for Oregonian's health needs, but making the right upstream investments now to reap the health and cost benefits in the future. The gap in health disparities is not closing, and issues such as opioid addiction, are impacting Oregon communities at higher rates than ever before.

Table 2. OBP Health and Health Care Strategy Accomplishments and Challenges

Reform Pillar	Strategy	Accomplishments & Challenges
Insurance Coverage	Insurance exchange with subsidies	Exchange/ACA subsidies implemented for individual market; no real exchange for small businesses
	Medicaid expansion	Over 350,000 enrolled under expansion; sustainable funding model still a challenge
	Employer & Individual Mandates	Federal ACA mandates have eroded
Quality Improvement & Cost Reduction	Defined Contribution	Minimal uptake by employers
	Value-based purchasing strategies	Considerable public and private efforts; more need for alignment across efforts
	Delivery system reform	Considerable efforts by state agencies, the Oregon Health Leadership Council, and other collaborative efforts
	Transparency	Many targeted efforts but minimal true health system cost transparency
Upstream/ Social Determinants of Health	Statewide targeted health initiatives	Promising statewide work, but more alignment needed across health care and business communities and aligned data sources for targeted initiatives
	Community transformation to support health	Blue Zones communities are successful; there is interest in scaling effort to more communities and to use different frameworks
	Community investment to address determinants of health	Fed/State reform and budget setbacks create uncertainty in how community benefit dollars are spent CCO 2.0 policy potential framework for upstream investments

PROPOSED HEALTH REFORM PRIORITIES FOR 2019

There are a number of ways the business community can collaborate to improve health and cost outcomes in Oregon. We will increase the impact of decisions made by our state policymakers, employers, and Oregonians if we align our efforts. Overall, we support continued collaborative work on the three “pillars” of the Oregon Business Plan health strategies through some key focused approaches.

1. **Insurance Coverage:** Recognizing health insurance as a key support in upward mobility for Oregonians, *support new ideas to improve the stability of and transition between coverage options in the health insurance continuum.* From a stable revenue strategy for Medicaid to ensuring an affordable private insurance market, we need to continually assess where Oregon’s coverage options can be optimized to support the health and financial security of Oregonians.
2. **Improve Quality and Reduce Costs.** We need to approach the cost and quality outcomes in our health care system at two levels: 1) establishing statewide goals on health system cost growth, and 2) aligning incentives through payment strategies to meet those cost goals.
 - *Establish an oversight body where we can collaboratively examine the drivers of health care cost and set overall cost growth targets for the state’s health care system.* A legislative committee created through SB 419 has developed recommendations to create a statewide annual rate of growth target for total health care expenditures indexed to state economic growth indicators. Through this process more scrutiny would be given to examining underlying cost drivers, educating future policy discussions, and creating a culture of accountability for the full system to work together to stay within an affordable growth rate. The business community should actively support the development of this work to ensure the purchaser perspective is represented and that meaningful systemwide cost growth targets are established.
 - *Establish clear systemwide goals and targets for aligned implementation of value-based payment approaches to improve health outcomes and reduce costs.* Across Oregon and the country, health leaders are working to move health insurance benefit design and provider payment strategies toward approaches that align quality and cost incentives. Promising payment approaches shift away from the traditional fee-for-service volume-based payments to global payments tied to improved value. While these concepts have been a part of the OBP strategies for years, there is new momentum to align public and private stakeholders around shared approaches. Opportunities exist to drive better value in PEBB and OEBC, that can also align with Medicaid CCOs and potential the broader insurance market. (See highlight box on following page.)
3. **Focus on the Upstream and Social Determinants of Health.** Similarly, we need to tackle improvements in health at two levels: 1) higher level alignment to focus efforts and resources, and 2) continued support for community level innovation and implementation.
 - *Capitalize on our high rate of insurance coverage and the associated resources to identify a few priority upstream health improvements and align public and private resources*

around those priorities. This alignment will provide focus for enhanced communication about the value of upstream health initiatives as well build new partnerships among stakeholders in business, health care, education, and other sectors around a shared health agenda.

- *Continue to leverage local and regional Community Health Improvement Plans for community transformation efforts in Blue Zones Communities and other communities across the state.* The business community should continue to partner with other community stakeholders to support these effective efforts to target and address the social determinants of health.

Highlight: Promising PEBB and OEBC program design and value-based purchasing reforms

Through our state Public Employee Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBC), we have the opportunity to implement health care purchasing best practices. These reforms promise to address the high cost of health benefits for state and school employees to free up investments for salary and other investments.

PEBB/OEBC and all schools:

- Continue to hold growth in per member health care to 3.4 percent (the growth limit for the Oregon Health Plan); including schools not in OEBC.
- Establish contracting requirements to move from volume-based fee-for-service payments to global payments for overall care by 2023.
- Increase focus on complex high-cost patients to provide customized care to help them get the right care from the right provider at the right time.
- Move to a defined dollar employer contribution approach that incents employees to select a lower cost plan and not over insure.
- Create shared savings model with employees.

PEBB-specific

- Offer more lower cost plans including a Consumer-directed Health Plan.
- Increase the employee premium share until it is comparable to other public employers.

OEBC-specific

- Require districts to offer plans on a 4-tiered premium rating structure.
- Create a labor/management team with OEBC staff to consult with the districts to optimize the elements of the OEBC model.